

SPECIFICATIONS FOR AUDITS OF AUTHORITIES, BOARDS, AND COMMISSIONS

Introduction

The General Assembly has created numerous authorities, boards, and commissions through either general or special laws. The Auditor of Public Accounts has responsibility in accordance with Section 30-140 of the Code of Virginia, to establish audit specifications for governmental authorities, boards and commissions, with unelected governing bodies. In accordance with this statutory authority, we are providing the accompanying audit specifications.

Statutory Audit Requirements for Authorities, Boards and Commissions

Section 30-140 of the Code of Virginia, requires that all authorities, boards and commissions having financial transactions in excess of \$5,000 shall file an audit report within 90 days after the close of the fiscal year with the Auditor of Public Accounts.

This section further provides:

"No audit, however, shall be required for any fiscal year during which such entity's financial transactions did not exceed the sum of \$5,000. As used herein, 'financial transactions' shall not include financial transactions involving notes, bonds or other evidences of indebtedness of such entity the proceeds of which are held or advanced by a corporate trustee or other financial institution and not received or disbursed directly by such entity. In the event an audit is not required, the entity shall file a statement under oath certifying that the transactions did not exceed such sum and, as to all transactions involving notes, bonds or other evidences of indebtedness which are exempted, the statement shall be accompanied by an affidavit from the trustee or financial institution certifying that it has performed the duties required under the agreement governing such transactions. Notwithstanding the foregoing, the Auditor of Public Accounts may require an audit if he deems it to be necessary to determine the propriety of the entity's financial transactions."

Section 30-140 of the Code of Virginia, further requires those entities that are audited to publish a summary statement of financial condition in a newspaper of general circulation in the locality of the entity. The summary statement should include at a minimum total assets,

liabilities, and fund balances; total revenues, expenditures, and other sources or uses; and the resulting net change in fund balances.

Auditing Standards

Auditors must conduct audits in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. The auditor must follow *Government Auditing Standards* on every audit, regardless of whether the entity received federal financial assistance. When appropriate, the Auditor should conduct audits in accordance with the Single Audit Act Amendments of 1996 and United States Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

Financial Reporting Requirements

The Auditor of Public Accounts requires that financial statements of authorities, boards and commissions be prepared in accordance with the provisions of the Governmental Accounting Standards Board (GASB). Many authorities, boards, and commissions are an integrated unit of a local government. GASB Statement 14, *The Financial Reporting Entity*, provides requirements and guidance for the reporting entity, component units, jointly governed organizations, and other stand-alone governments.

List of Authorities, Boards, and Commissions

Following is a list of some of the types of political subdivisions that are required to follow these auditing and reporting specifications. Included with the type of entity is the Code of Virginia reference that provides authority for its establishment. The list is limited and not all-inclusive, should an Auditor encounter an entity not listed below, we recommend that the auditor contact this Office to determine whether these specifications include the entity.

- Planning District Commissions (Chapter 42 of Title 15.2)
- Transportation District Commissions (Chapter 45 of Title 15.2)
- Industrial Development Authorities (Chapter 49 of Title 15.2)
- Water and Sewer Authorities (Chapter 51 of Title 15.2)
- Hospital or Health Care Commissions (Chapter 52 of Title 15.2)
- Hospital Authorities (Chapter 53 of Title 15.2)

- Electric Authorities (Chapter 54 of Title 15.2)
- Tourism Development Authorities (Chapter 55 of Title 15.2)
- Public Recreation Facilities Authorities (Chapter 56 of Title 15.2)
- Park Authorities (Chapter 57 of Title 15.2)
- Former Federal Area Development Authorities (Chapter 63 of Title 15.2)
- Airport Authorities (Chapter 3 of Title 5.1)
- Local Correctional Facilities (Chapter 3 of Title 53.1)
- Community Service Boards (Chapter 5 of Title 37.2)
- Library Boards (Chapter 2 of Title 42.1)
- Criminal Justice Training Academies (Chapter 17 of Title 15.2)
- Juvenile Detention Commissions (Chapter 11 of Title 16.1)
- Industrial Facility Authorities (Chapter 64 of Title 15.2)
- Behavioral Health Authorities (Chapter 6 of Title 37.2)
- Housing Authorities (Chapter 1 of Title 36)